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February 5, 2007

FLORENCE P. BELSER
GENERAL COUNSEL

VIA E-FILING & HAND DELIVERY

The Honorable Charles L.A. Terreni
Chief Clerk/Administrator
South Carolina Public Service Commission
101 Executive Center Dr., Suite 100
Columbia, SC 29210

Re: Application of Wyboo Plantation Utilities, Incorporated for Approval of New Schedule of
Rates and Charges for Water and Sewer Services
Docket No. 2005-13-WS

Dear Mr. Terreni:

Enclosed please find the original and one copy of the Office of Regulatory Staff's Proposed Order in the above referenced docket.

Please note that the attached documents are exact duplicates, with the exception of the form of the signature, of the e-filed copy submitted to the Commission in accordance with its electronic filing instructions.

By copy of this letter we are also serving all other parties of record. Please let me know if you have any questions.

Sincerely,

Wendy B. Cartledge

Wendy B. Cartledge

WBC/pjm
Enclosures

cc: John F. Beach, Esquire
Charles H. Cook, Esquire
Scott Elliott, Esquire
Robert E. Tyson Jr., Esquire

BEFORE
THE PUBLIC SERVICE COMMISSION
OF SOUTH CAROLINA
DOCKET NO. 2005-13-WS – ORDER NO. 2007-_____
FEBRUARY ___, 2007

IN RE: Application of Wyboo Plantation)	
Utilities, Inc. for Approval of New)	
Schedule of Rates and Charges)	OFFICE OF REGULATORY
For Water and Sewer Services)	STAFF’S PROPOSED ORDER
_____)	

INTRODUCTION

This matter comes before the Public Service Commission of South Carolina (“the Commission”) on an application for approval of a new schedule of rates and charges for water and sewer services (“Application”) filed by Wyboo Plantation Utilities, Inc. (“Wyboo” or the “Company”). Wyboo is a NARUC Class C water and wastewater utility. Wyboo’s service area includes portions of Sumter and Clarendon counties. According to Wyboo’s Application, water supply and distribution services were provided to 472 residential and commercial customers and 165 irrigation customers, and wastewater collection and treatment services were provided to 245 residential and commercial customers. Wyboo’s customers are in and around the Wyboo Plantation Subdivision in Clarendon County, the Cedar Hill Mobile Home Park, and the Granada Mobile Home Park of Sumter County.

Wyboo's Application was accepted by the Commission pursuant to S.C. Code Ann. § 58-5-210 *et. seq.* and 26 S.C. Code Regs. 103-512. Wyboo's Application was originally filed on January 7, 2005. On April 14, 2005, Wyboo made a Motion to Allow Applicant to Withdraw Application without Prejudice. On May 4, 2005, the Commission issued Order No. 2005-214 granting Wyboo's Motion. On August 17, 2006, Wyboo filed its Application and Request of Interim Order. On August 22, 2006, Wyboo filed its Amended Notice of Filing and Hearing and an Amended Proposed Schedule of Rates and Charges which were accepted by the Commission. On September 8, 2006, the Wyboo Plantation Owners Association, Inc. ("POA") filed a Petition to Intervene. On September 29, 2006, the Villas of Wyboo Owners Association, Inc. ("Villas") filed a Petition to Intervene.

On September 18, 2006, the Office of Regulatory Staff ("ORS") and the POA filed letters with the Commission objecting to Wyboo's Request for an Interim Order. Wyboo subsequently withdrew its Request for an Interim Order.

The Commission instructed Wyboo to publish a prepared Notice of Filing in a newspaper of general circulation in the areas affected by Wyboo's Application. The Notice of Filing indicated the nature of the Application and advised all interested persons desiring to participate in the scheduled proceedings of the manner and time in which to file appropriate pleadings for inclusion in the proceedings. In the same correspondence, the Commission also instructed Wyboo to notify each customer affected by the Application. Wyboo furnished the Commission with an Affidavit of Publication demonstrating that the Notice of Filing had been duly published and with a letter in

which Wyboo certified compliance with the Commission's instruction to mail a copy of the Notice of Filing to all customers affected by the Application.

On September 27, 2006, the Commission issued Order No. 2006-549 granting a request for a local public hearing and scheduled the public hearing for October 30, 2006, at the Clarendon County Courthouse. The Commission received public comment from a large number of homeowners at the public hearing.

On November 8, 2006, ORS filed a Motion to Require Wyboo to Demonstrate Prudency of Affiliate Transactions. On November 29, 2006, the Commission issued Order 2006-729 granting the ORS Motion and ordering Wyboo to demonstrate prudency of affiliate transactions at the hearing in this matter.

On November 17, 2006, Mr. Joe Maready, Wyboo's accounting witness, died unexpectedly. On November 22, 2006, Wyboo made a Motion Seeking Approval to Present the Pre-filed Testimony of Joe Maready at the hearing. On December 7, 2006, the Commission issued Order 2006-745 denying Wyboo's Motion.

Between the filing of the Company's Application and the date of the hearing, ORS made on site investigations of Wyboo's facilities, audited Wyboo's books and records, issued data requests and gathered other detailed information concerning Wyboo operations.

On January 22, 23 and 24, 2007, a hearing concerning the matters asserted in Wyboo's Application was held in the Commission's hearing room located at Synergy Business Park, 101 Executive Center Drive – Saluda Building, Columbia, SC. The full Commission, with Chairman O'Neal Hamilton presiding, heard the matter of Wyboo's Application. John F. Beach, Esquire represented Wyboo. Robert E. Tyson, Jr., Esquire

represented the Villas. Scott Elliott, Esquire and Charles Cook, Esquire represented the POA. C. Lessie Hammonds, Esquire and Wendy Cartledge, Esquire represented the Office of Regulatory Staff. Randall Dong, Esquire served as legal counsel to the Commission.

At the outset of the hearing, Counsel for the Villas presented a signed Stipulation between Wyboo and the Villas regarding agreed upon Single Family Equivalent (“SFE”) designations. The Commission entered the Stipulation into the record without objection from the POA or ORS. The Commission next heard testimony from public witnesses.

Wyboo presented the testimony of Mark S. Wrigley, President of Wyboo and Wrigley & Associates, Inc.

Wyboo served subpoenas issued by the Commission on Christina L. Seale, Willie J. Morgan and Douglas H. Carlisle, Jr., and presented these witnesses. The subpoenas were issued for January 22 and January 23, 2007. At the hearing, Mr. Beach attempted to call Douglas H. Carlisle, Jr. on January 24, 2007, ORS objected because the subpoena had expired. The Commission overruled ORS’s objection. The Commission based its ruling on Mr. Beach’s letter dated January 18, 2007 and that ORS had not mentioned to any of the parties or Commission staff that it intended to object to Mr. Beach calling Dr. Carlisle as a witness.

At the conclusion of Wyboo’s case in chief, counsel for the POA made a Motion to Dismiss on the basis that Wyboo had not demonstrated that a rate increase was necessary and, therefore, had failed to meet the burden of proof. ORS joined in the Motion. The Commission denied the Motion and ruled there was sufficient evidence in the record to proceed with the hearing.

Following the testimony of Christina Seale, Willie Morgan and Douglas Carlisle, Mark Wrigley testified with respect to the prudence of Wyboo's affiliate transactions.

The POA presented the testimony of Daniel L. McDonald, Dwight D. Samuels and Leo C. Gallagher. ORS presented surrebuttal testimony of Willie J. Morgan, Program Manager for the Office of Regulatory Staff's Water and Wastewater Department, and direct testimony of Robert A. Sternberg, Owner of L.G.B., Inc./Custom Homes and a homeowner in Wyboo Plantation.

FINDINGS OF FACT AND CONCLUSIONS OF LAW

After thorough consideration of the entire record in the Wyboo hearing, including the testimony and all exhibits, and the applicable law, the Commission makes the following findings of fact and conclusions of law:

1. Wyboo is a corporation organized and existing under the laws of the State of South Carolina and authorized to do business in the State of South Carolina.
2. Wyboo is a public utility as defined by S.C. Code Ann. §58-5-10(3) (Supp 2004), providing water and sewer service to the public for compensation in certain areas of South Carolina and is subject to the jurisdiction of the Commission.
3. Wyboo's rates were approved by the Commission in Docket No. 96-227-W for water service and Docket No. 97-391-S for sewer service. In Order No. 96-757, the Commission approved a monthly water usage rate of \$18.00 per month and a monthly irrigation usage rate of \$10.00 for the months April through September only. The Commission did not approve a water tap fee in this order.
4. In Order No. 98-33, the Commission approved a monthly sewer usage rate of \$20.00 per month and a sewer tap fee of \$500.00.

5. The appropriate test year period for purposes of this proceeding is the twelve month period ending December 31, 2005.

6. Wyboo did not present testimony supporting an appropriate operating margin upon which rates should be set.

7. The Commission finds that the adjustments of the Company's Witness Morgan regarding service revenues are appropriate. Therefore, Wyboo's test year service revenue for water and sewer operations after accounting and pro forma adjustments, are \$121,728 and \$62,400, respectively. The combined test year revenue is \$184,128. Therefore, the Commission finds that the appropriate total operating revenues of Wyboo during the test year under present rates and after accounting and pro forma adjustments are \$181,366, which reflects returns and allowances of (\$2,762). See Revised Exhibit WJM-10, Hearing Exhibit 11.

8. The Commission finds that the operating expenses for Wyboo for the test year under present rates and after the appropriate accounting and pro forma adjustments are \$109,345. Wyboo presented Witness Christina L. Seale who offered testimony and exhibits detailing adjustments. See Revised Audit Exhibit CLS-1, Hearing Exhibit 12. The revised testimony of Christina L. Seale, filed on January 19, 2007, reflected the Commission's ruling in this docket, Order No. 2006-729 ("the Order"), issued on November 29, 2006, whereby Wyboo was ordered to demonstrate the prudence of payments made to or collected by Wrigley & Associates, Inc. and other affiliate transactions. As a result of Order No. 2006-729, Witness Seale excluded all expenses associated with affiliate transactions, such as payroll and its associated taxes, certain office supply expenses and rental expenses. Additionally, Witness Seale's testimony

included updated water service revenues, customer growth, and rate case expenses. Witness Seale explained that water service revenues and customer growth were updated by ORS Water/Wastewater Department. Details of the revenue updates are shown on the Revised Exhibit WJM-10, Hearing Exhibit 11, of ORS Water/Wastewater Program Manager, Willie Morgan. Rate case expenses were updated to include audited expenses received through November 8, 2006. The majority of Witness Seale's testimony, as presented by Wyboo, referred to Revised Audit Exhibit CLS-1 - Operating Experience and Operating Margin, Hearing Exhibit 12. The witness explained Column (1) shows the per company application figures of Wyboo as of December 31, 2005. Column (2) shows the proposed accounting and pro forma adjustments designed to normalize Wyboo's per company application figures. A description of each adjustment is contained in Revised Audit Exhibit CLS-2. Column (3) shows the result of a normalized test year for Wyboo by adding columns (1) and (2). The total income for return is based on the total operating revenues less total operating expenses. The operating margin is computed by dividing the total income for return less interest expense by the total operating revenues.

9. The Commission finds the accounting and pro forma adjustments proposed by the Company's witnesses Seale and Morgan, as set forth in each witness's revised testimony are appropriate for rate making purposes. See Hearing Exhibits 11 and 12.

10. The Commission finds that Ms. Seale's Revised Audit Exhibit CLS-3, Hearing Exhibit 12, shows the appropriate depreciation expenses for rate making purposes are \$32,312. Revised Audit Exhibit CLS-4, Hearing Exhibit 12, shows the accurate computation of the income tax adjustment. Revised Audit Exhibit CLS-5, Hearing Exhibit 12, shows the accurate computation of the customer growth adjustment. No party provided

any evidence in contrary to Ms. Seale's calculations, nor were there any objections, as reflected on Revised Audit Exhibit CLS-3, CLS-4 or CLS-5, Hearing Exhibit 12.

11. The Commission finds that by accepting all the adjustments as proposed by witnesses Seale and Morgan, which exclude expenses associated with affiliate transactions, the Company's operating margin is 17.13% under Wyboo's presently approved rates and charges. Therefore, the Commission finds that Wyboo's proposed schedule of rates and charges are unreasonable and are hereby denied.

12. The Commission finds that Wyboo's customers should not bear any costs related to any affiliated companies operated by the owner of Wyboo in this proceeding. Witness Seale's testimony explained that during the examination of Wyboo's expenses, ORS noted numerous disbursements, which had no apparent business purpose. Examination and analysis of documents supporting such disbursements, when available, indicated that they included payments of obligations of affiliated companies and related parties. Inclusion of such expenses in the calculation of Wyboo's net income for return overstates expenses and artificially inflates additional revenue requirements.

13. The Commission finds that the company did not present sufficient evidence of the reasonableness and prudence of affiliate transactions, as ordered by the Commission. In the event Wyboo established a showing that actual payment had been made for affiliate expenses, a showing of the reasonableness and prudence of the payment was not made.

14. The Commission finds that it is not appropriate to allow the Company to recover expenses associated with affiliate transactions after carefully scrutinizing the expenses.

15. The Commission finds that Wyboo failed to maintain its books and records in accordance with the NARUC Uniform System of Accounts and that Wyboo failed to properly allocate expenses between water and sewer operations during the test year as evidenced by the testimony of witnesses Seale and Morgan. Wyboo should establish a system of accounting controls, which would preclude recording transactions of non-utility affiliates in the company's books and records. Based on the testimony of Witness Seale, the Commission finds that expenses of Wrigley & Associates, Inc. and Wyboo are commingled in the books of Wyboo. Wyboo shall properly allocate expenses in its books and records. Further, Witness Morgan testified that the ORS Business Audit revealed that Wyboo's basic ledger system for customer account billing transactions does not capture all customer account billing transactions. This account information is transferred to a computerized program using "QuickBooks" software. The two accounting systems do not reconcile. Additionally, bank deposit records do not reconcile with the ledger or "QuickBooks" software reports. Customer billing records are inaccurate and incomplete.

16. The Commission finds that Wyboo's complaint records and billing format are out of compliance with Commission Rules and Regulations. Wyboo tracks customer complaints received by the Sumter, South Carolina office staff in a hardcopy file folder. When the office staff is unavailable, calls are received by a third party call center. If it is a complaint call, then the call center generates a record of the call and forwards the information to the appropriate Wyboo personnel for resolution. This methodology is not being utilized to capture all customer complaints. Further, the complaint records do not have a resolution provided on the complaint form as required pursuant to 26 S.C. Code

Regs. 103-516, 103-538, 103-716 and 103-738. Complaint records (“Work Order System Report”) show customers being required to make an unauthorized payment to Mr. Eddie Barrett rather than Wyboo for repair work on the Septic Tank Effluent Pump (“STEP”) systems. Although Mr. Barrett is listed as an employee of Wyboo, he is being treated as an independent contractor. Customer billing format does not include a rate schedule as required by 26 SC Code Regs. 103-532.1(d) and 103-732.2(d).

17. The Commission finds that Wyboo has charged rates and charges not authorized by the Commission. The following unapproved rates and charges were discovered during the ORS Business Audit: Overcharge of the tap fee for establishing sewer service; Tap fee charged for establishing water service; Cut-on fee; Cut-off fee; Illegal water use fee; Water Service for Pool charges; Impact fee; Charges to customers for repair to sewer STEP system. The Commission finds that, pursuant to its prior orders, the Commission has only approved a \$500.00 sewer tap fee. No water tap fees, cut-on fees, cut-off fees, illegal water use fees, water service for pool charge, impact fees, or STEP system repair fees have ever been approved by the Commission. Wyboo has charged these fees without Commission approval. Wyboo has also increased its sewer tap fee to \$600.00 without first obtaining Commission approval.

18. Wyboo shall be responsible for the maintenance of the STEP systems. Evidence in the rate establishment case for sewer service under Docket No. 97-391-S presents Wyboo as the owner of the STEP systems. Due to concerns related to the proper operation of the sewer system, DHEC requires Wyboo to operate and maintain the sewer STEP systems as shown in Exhibit WJM-13, Hearing Exhibit 11. Therefore, the Commission finds that Wyboo shall continue to operate and maintain the STEP systems.

19. The Commission finds that Wyboo has charged an illegal DHEC sewer fee and has double charged DHEC Safe Drinking Water Act ("SDWA") fees for the same location. Wyboo imposed an illegal DHEC sewer fee on its customers. DHEC has no sewer fee in its statutes or regulations. The SDWA fee authorized by DHEC and collected by Wyboo is not managed properly. During the test year, Wyboo collected over \$14,000 in SDWA fees by billing customers at a rate of \$3.50 per month per mobile home park customer and \$2.38 per month per residential customer in the Manning area. DHEC invoiced Wyboo in June 2005 for \$9,852, for its SDWA fees. Wyboo recorded a payment to DHEC in the amount of \$9,852. As set forth in S.C. Code Ann. Section 44-55-120 (Supp. 2005), SDWA fees collected from customers can only be used to pay DHEC for oversight of the drinking water system. Wyboo did not provide support that the remaining balance of \$4,148 was escrowed in a separate account for subsequent DHEC billings. In addition, ORS could not determine whether customer fees were subsequently reduced to offset this over collection.

20. The Commission finds that deposits are not refunded pursuant to 26 S.C. Code Regs. 103-531.5 and 103-731.5 and interest payments on deposits are not made to customers pursuant to 26 S.C. Code Regs. 103-531.2(B) and 103-731.2(B). The Commission finds that Wyboo shall review all customer deposit accounts and, if the account is found not to meet the deposit retention criteria indicated in 26 S.C. Code Regs. 103-531.5, then each deposit shall be adjusted/refunded with the proper accrued interest to each customer or manage the refund in accordance with 26 S.C. Code Regs. 103-531.6 and 103-731.6.

21. The Commission finds that Wyboo shall comply with the Commission's Order 2003-593 and adjust the interest rate for customer deposits from 8% to 3.5% effective January 1, 2004. Accrued interest on customer deposits is payable to each customer at least every two years and at the time the deposit is returned. Wyboo is required to adjust/refund proper interest at both the 8% and 3.5% interest rate. Wyboo shall calculate interest at the rate of 8% for those customer deposits which Wyboo has retained prior to December 31, 2003. Wyboo shall review all customer deposits and adjust/refund proper accrued interest to all accounts. If the account does not meet the deposit retention criteria, then Wyboo shall adjust/refund each deposit plus proper accrued interest to the customer or manage the customer refund in accordance with 26 S.C. Code Regs. 103-531.6 and 103-731.6. Wyboo shall also adjust/refund proper accrued interest for those accounts where it is acceptable to continue to retain the deposit. Wyboo shall refund accrued interest on customer deposits at least every two years and at the time the deposit is returned.

22. The Commission finds that assessments of deposits are not handled in a manner consistent with Commission regulations. Wyboo is unable to provide supporting documentation demonstrating that customers required to make a deposit for water/sewer service meet the conditions outlined in 26 S.C. Code Regs. 103-531. Cedar Hill and Granada Mobile Home Park customers are charged a deposit to establish service. In contrast, mobile home customers near the Wyboo Plantation subdivision area have not been required to provide a deposit since 2004. Wyboo shall develop and implement a consistent deposit policy for all of its areas served.

23. The Commission finds that Wyboo facilitated customer water and sewer tap fee payments to an affiliated, privately-owned company, Wrigley & Associates, Inc. Wrigley & Associates, Inc. has not obtained Commission approval pursuant to 26 S.C. Code Regs. 103-502.2, 103-502.10, 103-502.11, 103-503, 103-702.2, 103-702.13, 103-702.14, and 103-703 to charge a “rate” for utility service. Wyboo is the entity which should collect water and sewer tap fees from lot owners and customers. Individuals who acquire water and sewer taps should do so only from a Commission certificated utility or a governmental entity which provides water and/or sewer service. The payment of tap fees to an entity other than Wyboo makes it virtually impossible to accurately track expenses and revenues for utility services. Moreover, Wyboo is charging fees in excess of the approved sewer tap fee.

24. The Commission finds that Wyboo extended its service area without Commission approval. Wyboo provides sewer service to customers in the Mill Creek subdivision without having obtained prior Commission approval as required by 26 SC Code Reg. 103-504. The Commission advises Wyboo that prior to expanding its service area, it must seek Commission approval.

25. The Commission finds that Wyboo has failed to assist prospective customers in selecting the most economical rate schedule. Wyboo customers are not afforded the opportunity to select an economical rate schedule. Wyboo personnel identify customers using irrigation water service by driving through the service area and observing customer’s use of outside sprinklers and watering hoses. According to 26 S.C. Code Regs. 103-730.D, Wyboo shall assist prospective customers in selecting the most economical rate schedule. Wyboo independently assigns irrigation charges based on

Wyboo's observations. If the customer was aware that a separate irrigation charge would be applied to all outside watering, the customer may not choose to receive irrigation services from Wyboo. The Commission finds that Wyboo shall change its practices to comply with Commission rules and regulations in order that customers have the opportunity to choose the most economical rate schedule.

26. The Commission finds that some of Wyboo's water and wastewater systems fail to comply with DHEC requirements. Safe drinking water quality standards are being met in Granada Mobile Home Park according to the recent DHEC sanitary survey report. Exhibit WJM-3, Hearing Exhibit 11. DHEC rated the Cedar Hill Mobile Home Park water system as "NEEDS IMPROVEMENT" during its last inspection due to one well being off-line. Exhibit WJM-4, Hearing Exhibit 11. On December 20, 2006, Cedar Hill Mobile Home Park received an "UNSATISFACTORY" rating on its DHEC sanitary survey inspection. DHEC rated the Wyboo Plantation subdivision system an "UNSATISFACTORY" during its last sanitary survey due to Wyboo's failure to correct deficiencies such as provision of cross-connection control pursuant to DHEC requirements of 26 S.C. Code Regs. 61-58.7.F. Exhibit WJM-5, Hearing Exhibit 11. DHEC rated the wastewater system as "UNSATISFACTORY" during its last inspection on April 10, 2006 due to one lagoon being filled and overflowing into the field beside the lagoon. While Wyboo remedied the filled lagoon by discharging to the golf course, DHEC noted that proper clean-up had not been completed on the standing water adjacent to the basin Exhibit WJM-5, Hearing Exhibit 11. ORS noted during the site audit that the potential for overflow from the basin continues to be a problem.

27. The Commission finds the current performance bond of Wyboo is insufficient and does not meet the requirements of S.C. Code Ann. Section 58-5-720 (Supp. 2005). S.C. Code Ann. Section 58-5-720 was amended in May 2000 and increased the required amounts of performance bonds to a minimum of \$100,000 and a maximum of \$350,000. Thereafter, the Commission's regulations were amended to provide for determining the amount of bond required by each utility. 26 S.C. Code Regs. 103-512.3.1 (Supp. 2005) was amended to provide that the amount of the bond should be based on the total amount of certain expense categories. Pursuant to 26 S.C. Code Regs. 103-512.3.1 and 103-712.3.1, "the amount of bond shall be based on, but not limited to, the total amount of the following categories of expenses for twelve months: Operation and Maintenance Expenses, General and Administrative Expenses, Taxes Other Than Income Taxes, Income Taxes, and Debt Service including Interest Expenses." Wyboo has current performance bonds filed with the Commission for water and sewer operations which use a Personal Financial Statement as surety in the amount of \$100,000 for water and \$100,000 for sewer. Exhibit WJM-6, Hearing Exhibit 11. The Personal Financial Statement submitted by the utility is deficient since it does not contain a comprehensive listing of all assets and liabilities of Mr. Mark Wrigley; the assets listed are valued at replacement cost instead of actual value; assets are not itemized; assets include those owned by the utility; Mr. Mark Wrigley's net worth is not sufficient per 26 SC Code Regs. 103-512.3.2 and 103-712.3.2. Based on the expenses from the test year and using the criteria set forth in 26 S.C. Code Regs. 103-512.3.1 and 103-712.3.1, the face amount of Wyboo's bond should be \$110,000 for water operations and \$100,000 for wastewater operations. Revised Exhibit WJM-7, Hearing Exhibit 11. Bonding criteria expenses for

the test year after accounting and pro forma adjustments are \$102,363 for water operations and \$54,656 for wastewater operations. Combined bonding criteria expenses, as adjusted totaled \$157,019 for the test year ending December 31, 2005. In order to protect the ratepayers in the event the utility becomes non-viable, the Commission increases the performance bond requirements for water and wastewater operations to \$110,000 and \$100,000 respectively in order for Wyboo to satisfy the criteria set forth in S.C. Code Ann. Section 58-5-720 (Supp. 2005).

28. The Commission finds that the service life of Wyboo assets for depreciation purposes should be based on the Florida Public Service Commission Water and Wastewater System Regulatory Law as recommended by the NARUC staff and that Wyboo should keep continuing property records. The useful life of a piece of equipment may differ from the service life assigned for computation of depreciation expense for income tax preparation. Witness Morgan's recommendations are based on the conclusions outlined in the Florida Public Service Commission Water and Wastewater System Regulatory Law as recommended by the NARUC staff and his approach and conclusions made concerning depreciation are consistent with the Public Utility Depreciation Practices manual as published by NARUC in 1996 which states: "Book depreciation is a cost allocation process used to satisfy specific accounting and regulatory principles and requirements, whereas tax depreciation provides additional tax and financial incentives unrelated to the strict cost allocation process."

29. The following assets that were discovered during the ORS Business audit are added to the depreciation schedule: 2004 Black Ford F150 Truck, International Tractor, and Water and Sewer Taps added from 2001 to 2006. Wyboo must maintain

continuing property records in accordance with NARUC standards to assist in accurate recording of depreciation expense and plant/equipment assets.

30. The Commission finds that ORS's objection to Dr. Carlisle testifying should have been sustained. The subpoena was issued for January 22 and 23, 2007. Counsel for Wyboo called the witness on January 24, 2007. The Commission has reviewed its rules and regulations and finds that Wyboo's letter to Chief Clerk Charles L. A. Terreni dated January 18, 2007 does not have the effect of law. Additionally, Wyboo's letter was not attached to the subpoenas served on any of the witnesses and the Certificates of Service indicate that only the subpoenas were served on the witnesses, including Dr. Carlisle. Further, no party is obligated to disclose objections prior to hearing. In light of our revised finding, the Commission rules that Dr. Carlisle's testimony is hereby stricken from the record.

IT IS THEREFORE ORDERED THAT:

1. The proposed schedule of rates and charges filed by Wyboo is hereby found to be unreasonable and is denied.
2. Wyboo shall continue to charge the previously approved rates and charges attached hereto as Appendix A.
3. Wyboo shall be responsible for the operation and maintenance of the STEP system.
4. Wyboo shall come into compliance with all Commissions rules and regulations, as well as DHEC rules and regulations. Wyboo shall provide to ORS all necessary documentation in order for ORS to verify whether Wyboo is in compliance.
5. Also, as discussed above, pursuant to and consistent with S.C. Code Ann.

Section 58-5-720 and 26 S.C. Code Regs. 103-512.3 through 103-512.3.3 (Supp. 2005),
Wyboo shall post a performance bond with a face value of \$110,000 for water operations
and \$100,000 for wastewater operations.

6. This Order shall remain in full force and effect until further Order of the
Commission.

BY ORDER OF THE COMMISSION:

G. O'Neal Hamilton, Chairman

ATTEST:

C. Robert Moseley, Vice Chairman

APPENDIX A

WYBOO PLANTATION UTILITIES, INC.

PURSUANT TO DOCKET NO. 2005-13-WS – ORDER NO. 2007-_____
AS ORDERED PURSUANT TO DOCKET NO. 96-227-W – ORDER NO. 96-757

SCHEDULE OF RATES AND CHARGES
WATER

MONTHLY WATER USAGE RATES	\$18.00 per month
MONTHLY IRRIGATION USAGE RATE (April through September only)	\$10.00 per month

Docket No. 2005-13-WS
Order No. 2007-____
February ____, 2007
Page 2 of 2

WYBOO PLANTATION UTILITIES, INC.

PURSUANT TO DOCKET NO. 2005-13-WS – ORDER NO. 2007-____
AS ORDERED PURSUANT TO DOCKET NO. 97-391-S – ORDER NO. 98-33

SCHEDULE OF RATES AND CHARGES
SEWER

MONTHLY SEWER USAGE RATE	\$20.00 per month
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SEWER TAP FEE:	\$500.00
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BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA
DOCKET NO. 2005-13-WS

IN RE:)	
Application of Wyboo Plantation Utilities,)	
Incorporated for Approval of New Schedule)	CERTIFICATE OF
Of Rates and Charges for Water and Sewer)	SERVICE
Services)	

This is to certify that I, Pamela J. McMullan, an employee with the Office of Regulatory Staff, have this date served one (1) copy of the **PROPOSED ORDER** in the above-referenced matter to the person(s) named below by causing said copy to be emailed and deposited in the United States Postal Service, first class postage prepaid and affixed thereto, and addressed as shown below:

John F. Beach, Esquire
Ellis Lawhorne & Sims, PA
Post Office Box 2285
Columbia, SC 29202

Charles H. Cook, Esquire
Scott Elliott, Esquire
Elliott & Elliott, P.A.
721 Olive Street
Columbia, SC, 29205

Robert E. Tyson Jr., Esquire
Sowell Gray Stepp & Laffitte, LLC
Post Office Box 11449
Columbia, SC, 29211



Pamela J. McMullan

February 5, 2007
Columbia, South Carolina